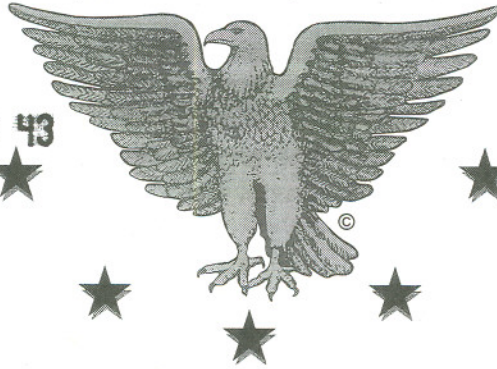


PEOPLES BANK



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RONALD E. ABBOTT
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER

September 15, 2005

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

RE: Comments Regarding FDIC Application #20051977; Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Mr. Carter:

On behalf of Peoples Bank, Paris, Texas, a community bank, we are writing to comment with regard to the referenced matter. Peoples Bank opposes the application. Wal-Mart has a history of destabilizing the communities in which it does business. We have direct experience with this fact in Paris, Texas. Because of this history and the experience of many communities, Peoples Bank urges the FDIC to consider what will happen to credit availability and customer and community service when the Wal-Mart bank siphons deposits from locally-owned and operated community banks. For decades it has been community banks who have supplied the capital engine that fuels main street America (the very sector which Wal-Mart has seriously damaged) which provides over 60% of our nations jobs. This will significantly impair the community banks' ability to continue to support economic growth and development in their communities through lending and could drive these banks out of business. Like many community banks, we have an in-store branch in our local Super Wal-Mart. We have found negotiating with Wal-Mart to be rigid and with a take-it-or leave-it attitude.

We have seen how Wal-Mart eases into vendor relationships. When the vendor experiences the enormous volumes available through the Wal-Mart distribution system, they become susceptible to a more and more dictatorial Wal-Mart. Wal-Mart uses its enormous power to dictate to vendors who cannot afford to lose the Wal-Mart business. What will happen when Wal-Mart mandates or even subtly suggests that a vendor should bank with their bank?

If Wal-Mart is allowed to become a bank they could treat their regulator in the same manner. We have seen how the OCC bows to pressure from large assessment paying banks. How will the Wal-Mart regulators react to Wal-Mart's well established dictatorial mode of operations once they are responsible for a significant portion of a regulator's revenue?

With regard to the availability of credit, will a competing local hardware or clothing store, a local pharmacy, or someone wishing to establish a new store, be able to obtain credit from the Wal-Mart bank? Will these entities or individuals desire to share their confidential business plans with the Wal-Mart bank? The Wal-Mart bank would have no incentive, and in fact it would have a disincentive, to

lend to businesses that compete with its parent company. Instead of making impartial credit decisions based on the creditworthiness of the borrower, the Wal-Mart bank would have incentive to deny credit, not on the merits, but because of a conflict of interest and its relationship with Wal-Mart.

We also feel that mixing banking and commerce continues to be bad public policy that could jeopardize the impartial allocation of credit and create conflicts of interest. Congress has reaffirmed its opposition to the mixing of banking and commerce in the Gramm-Leach-Bliley Act. The foundation of the financial and economic system of the United States is the principle of the separation of banking and commerce. This tradition has resulted in the most vibrant, successful and diversified economic and financial system in the world. The walls separating banking and commerce prevent conflicts of interest and undue concentration of resources, and ensure the impartial allocation of credit that is so vital to economic growth and development and to a safe and sound financial system.

The Wal-Mart application presents a prime example of the dangers of concentration of resources and impaired credit availability that flows from allowing a commercial company such as Wal-Mart to own a bank or industrial loan company. And, in Wal-Mart's case, these dangers are amplified because of the company's enormous size, market clout and role in destroying the vitality of many small town centers.

In addition, the Wal-Mart application illustrates that the affiliation of banks and nonbanking companies presents conflicts of interest and safety and soundness concerns. Federal Reserve Chairman Alan Greenspan has repeatedly stated his position that the mixing of banking and commerce presents safety and soundness concerns and poses the specter that the federal safety net protecting depositors of insured institutions will spread to non-depository affiliates, thereby introducing additional risks to the deposit insurance funds and the taxpayers.

For the reasons stated above, we urge the FDIC to reject Wal-Mart's application of federal deposit insurance for a Wal-Mart industrial loan company. The application presents significant public policy issues. Our country's long standing principle of separation of banking and commerce is the underpinning for our stable and highly successful economic and financial system, and should not be allowed to be circumvented by the world's largest commercial company.

Sincerely,

PEOPLES BANK

A handwritten signature in dark ink, appearing to read 'R. E. Abbott', is written over a horizontal line.

Ronald E. Abbott
Chairman & CEO